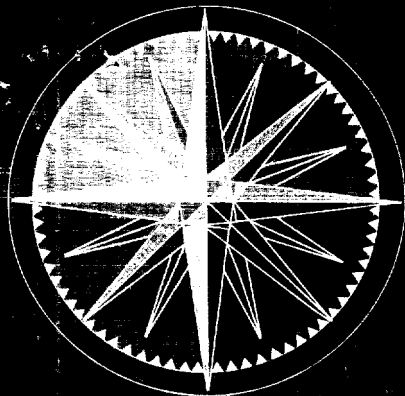


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22 May 1964

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WEEKLY SUMMARY

DIA review
completed.

State Dept. review
completed

Navy review
completed.

CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE

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C O N T E N T S

(Information as of 1200 EDT, 21 May 1964)

	<u>THE COMMUNIST WORLD</u>	<u>Page</u>
PROSPECTS FOR SINO-SOVIET TRADE IN 1964		1
	Sino-Soviet trade this year will be less than the \$600-650 million estimated for 1963. China's exports will again far exceed imports, allowing it to repay most of its remaining debt to Moscow. Their trade is expected to drop sharply thereafter.	
SOVIET OFFICIAL VULNERABLE FOR AGRICULTURAL POLICY FAILURES		2
	The ouster of two officials in a rural oblast appears to be an indirect move against their mentor, party presidium member Voronov, who may be made a scapegoat for Khrushchev's agricultural failures.	
SOVIET HEAVY BOMBERS OVERFLY US CARRIERS		3
	The first such overflights since last summer occurred this past week, suggesting an increased Soviet effort to collect intelligence on US naval forces and demonstrate a long-range reconnaissance capability.	
AREA NOTE		3
	On the Death of Otto Kuusinen	
YUGOSLAV - WEST GERMAN DISPUTE		4
	In view of Belgrade's hardened position and Bonn's indifference to a settlement, the renewal of their unofficial talks this month is unlikely to reconcile the numerous economic and political issues in dispute.	
NEW NORTH VIETNAMESE OPTIMISM ON WAR IN SOUTH VIETNAM		5
	Recent North Vietnamese propaganda, while still predicting a long struggle, has proclaimed major Viet Cong victories in the war's "new phase" and scoffed at speculation about attacks against the North.	

ASIA-AFRICA

COMMUNIST DRIVE IN SOUTH VIETNAM INCREASINGLY EFFECTIVE	6
	Recent military actions have cost the government heavily in casualties and weapons lost, and pacification efforts still show little progress. Increasing factionalism in the Buddhist movement may weaken the government's popular support.

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<u>ASIA-AFRICA (continued)</u>	<u>Page</u>
COALITION REGIME IN LAOS NEAR TOTAL COLLAPSE Following the Communist takeover on the Plaine des Jarres, Premier Souvanna doubts the Pathet Lao will agree to any solution unless they are facing Western military action. Soviet bloc policy on Laos may be changing; Moscow now seems to see no prospect of restoring Souvanna's tripartite coalition.	7
CEYLONENE PREMIER SEEKING COALITION WITH MARXISTS Mrs. Bandaranaike, threatened with right-wing defections, is trying to bolster her government's slim parliamentary majority by bringing leaders of a Marxist party into the cabinet.	9
AREA NOTE On Kashmir	9
BRITAIN'S PROBLEMS IN THE SOUTH ARABIAN FEDERATION Local British commanders believe it will be some time before they can put down the Egyptian-aided rebellion in the South Arabian Federation, which threatens the Aden military base. The British Government, with elections near, is trying to put the best possible face on what its critics are calling a "colonial campaign."	10
PROSPECT OF NEW POLITICAL-RELIGIOUS TENSIONS IN LEBANON If President Shihab sticks to his decision not to seek re-election, an open race for the presidency could once again arouse the kind of political-religious factionalism that brought on the 1958 civil war.	11
GREEK CYPRIOTS SEEK TO STRENGTHEN MILITARY FORCES A bill authorizing conscription is soon to be introduced, and the Makarios government is trying to buy military aircraft, torpedo boats, antiaircraft guns, and other heavy equipment from "various countries."	11
SINO-SOVIET COMPETITION BENEFITS EAST AFRICANS SEEKING AID Kenya and Tanganyika-Zanzibar are the major beneficiaries so far of the Moscow-Peiping contest for influence, and Burundi may be the next to receive new offers.	12
ZANZIBAR CONTINUES ITS SEPARATE WAY The tenacious Babu and other pro-Communist leaders, working to consolidate their hold on the island, are disregarding the Tanganyika-Zanzibar union government in dealing with East Germany and Communist China.	13
AREA NOTE On Congo	14

SECRET

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ASIA-AFRICA (continued)

Page

25X1

EUROPE

NEW MOVES TO SPEED EEC TARIFF CUTS 15

The EEC's latest plan to step up its staged approach to a full customs union depends on its ability to agree on accompanying measures needed to counter economic imbalances within the community. Other obstacles are the difficult grain-price issue and Italy's economic difficulties.

AUSTRIAN - NORTH KOREAN TRADE AND CREDIT NEGOTIATIONS 16

Austria seems receptive to a North Korean bid to buy \$30 million worth of capital goods. Since the sale would benefit Austrian steel and chemical industries, Vienna may offer government credits to finance the deal.

FRENCH COMMUNISTS BACK MOSCOW AND ELECT NEW LEADER 16

The highlights of their party congress last week were an unqualified endorsement of Moscow's position in the Sino-Soviet dispute and the selection of a new secretary general.

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AREA NOTE

On NATO's Semiannual Foreign Ministers' Meeting

17

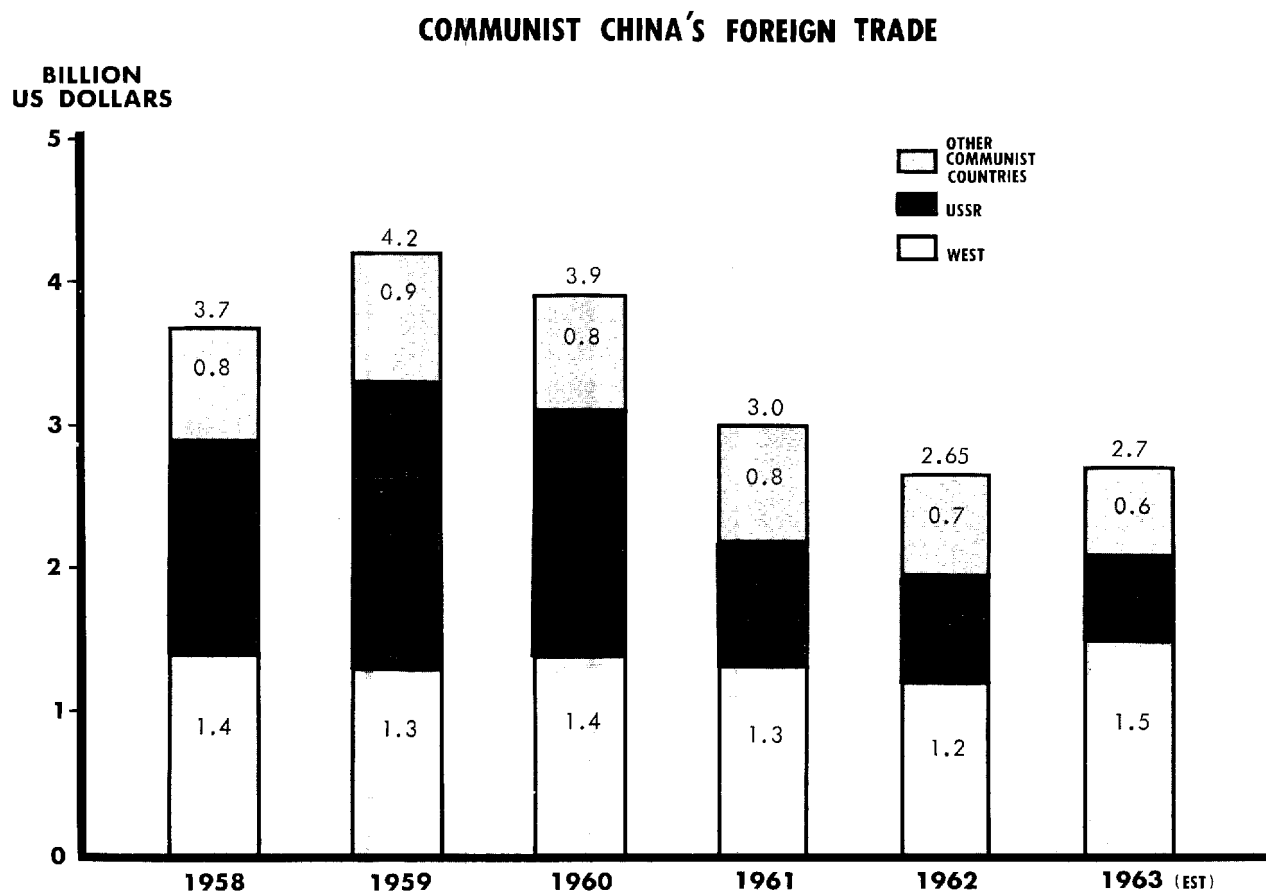
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<u>WESTERN HEMISPHERE</u>	<u>Page</u>
THE CUBAN MILITARY ALERT	18
All the armed forces are involved in an alert, begun last week and now intensified, which may be related to a recent increase in the scattered insurgency inside Cuba but more likely is in response to activities by militant exile groups.	
PANAMANIAN ELECTION RESULTS STILL NOT OFFICIALLY ANNOUNCED	19
Marco Robles' election as president may not be announced until early June. The footdragging by the vote counters is probably designed to prolong the relative calm maintained since the 10 May election. Arnulfo Arias' charges of electoral fraud have aroused little popular response.	
CONSTITUENT ASSEMBLY ELECTIONS IN GUATEMALA	19
The elections on 24 May will be carefully supervised by the military regime. Public apathy may result in a light vote and encourage dissatisfied politicians to continue plotting against Chief of State Peralta.	
ELECTION CAMPAIGN TURBULENCE IN BOLIVIA NOW ABATING	20
President Paz has consistently outmaneuvered his opposition, and his re-election on 31 May now seems assured. He does not discount the possibility of random violence during the election period, however.	
POLITICAL PROBLEMS CONFRONTING NEW BRAZILIAN PRESIDENT	21
The Castello Branco administration's "clean-up" campaign is causing increasing friction with state governors said to be dragging their feet in purging extremists and corrupt officials.	
EFFORT TO FORM COALITION REGIME IN BRITISH GUIANA FAILS	22
Premier Jagan now must develop some new means--possibly more violence--to delay the election which London has ordered this year and which he fears his party will lose.	
AREA NOTE	22
On Paraguay	

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The Communist World

PROSPECTS FOR SINO-SOVIET TRADE IN 1964

The 1964 Sino-Soviet trade agreement was signed on 13 May after lengthy and bitter negotiation. [redacted]

[redacted] trade this year will fall below the level of \$600-650 million estimated for 1963.

Even so, the USSR will probably remain China's largest single trade partner for at least one more year. Further cuts in their trade were precluded by long-term contracts and by the servicing of the remainder of China's debt to the USSR--which totaled \$1.7 billion at its highest point. Again, Chinese exports will far exceed imports--probably by about \$225 million--and allow Peiping to repay most of its debt this year. Sino-Soviet exchanges are expected to drop sharply thereafter.

The level of trade this year cannot yet be determined. However, China's late February letter to the USSR, about a month after trade negotiations had started, made plain that it foresaw a decrease in this year's trade. Stating that it had proposed a 1964 trade exchange of over \$700 million, Peiping accused Moscow of "procrastinating unreasonably, continuing to hold back goods we need while trying to force on us goods we do not need." [redacted]

Peiping's trade with the USSR has dropped steadily since the 1959 peak of \$2 billion. The decline has been caused by the failure of the "leap forward" and the resulting economic slump, and by the hostility of the ideological dispute. China has tried to eliminate, as rapidly as possible, all dependence on Soviet imports. Nevertheless, it still buys Soviet petroleum products and industrial goods and sells the USSR textiles, minerals, and foodstuffs--much of which could not easily be sold elsewhere.

Since mid-1963, Peiping has placed orders totaling about \$75 million for industrial plants from Western Europe and Japan. Peiping has also pushed exports outside the bloc. In the Asian market, for example, sales rose by 30 percent over deliveries in 1962. Trade with the free world now comprises over half of China's total trade. [redacted]

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The Communist World

SOVIET OFFICIAL VULNERABLE FOR AGRICULTURAL POLICY FAILURES

The recent ouster of two agricultural officials in the USSR's rural Orenburg Oblast appears to be a thinly veiled attack on party presidium member Gennady Voronov. Voronov, who has had high-level responsibilities in agriculture for a number of years, was among the main proponents of abandoning established crop-rotation practices in favor of keeping maximum land under cultivation. These policies were the subject of an intense propaganda campaign in 1961 but have undergone critical reappraisal since last year's disastrous harvest. As a result, Voronov apparently is vulnerable. The indirect nature of the attack suggests maneuvering within the presidium among Khrushchev's lieutenants, but Khrushchev may use the opportunity to get a scapegoat for his own agricultural failures.

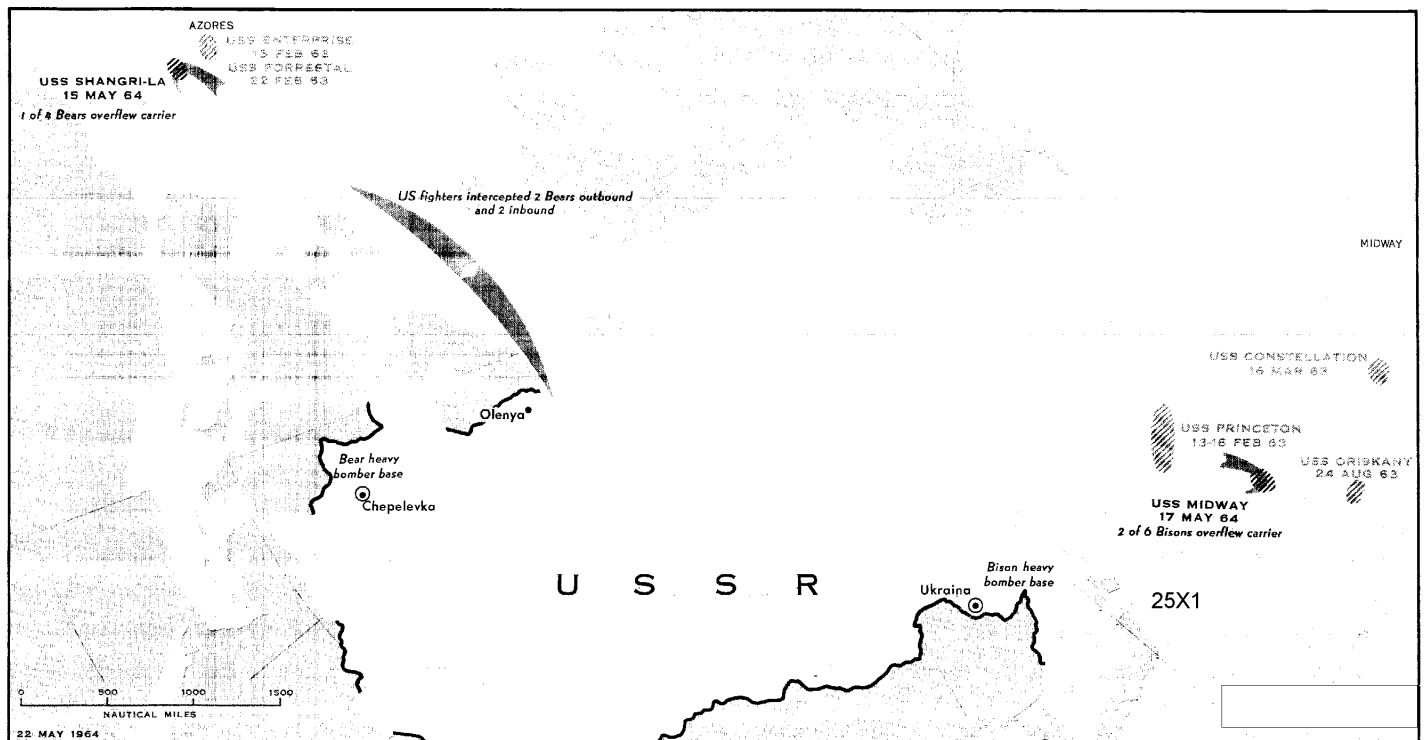
Voronov, who had been the Orenburg party chief from 1957 to 1961, was not mentioned by name in the accounts of the shake-up but he had apparently been instrumental in developing the careers of both ousted officials. Viktor Shurygin, fired last month as oblast party first secretary for "poor direction" of agriculture, had been promoted to second secretary when Voronov took over in 1957. When Voronov was elevated to the presidium and transferred to Moscow, it was his recommendation, presumably, that Shurygin succeed him in Orenburg.

Voronov was even more deeply involved in the career of Sheikhi Khayrullin, who was removed as director of the Orenburg research institute and expelled from the oblast party bureau as a "bankrupt scientist." Theirs was almost a classic mentor-protégé relationship. Khayrullin had advanced as an agricultural official in Chita Oblast when Voronov was that oblast's second and then first secretary (1939-1955). When Voronov was assigned to Orenburg Oblast in 1957 after two years in the Ministry of Agriculture, he promptly installed Khayrullin as director of the Orenburg institute and began to champion him and his theories against the Ministry of Agriculture and the Lenin Agricultural Academy in Moscow. Even after Voronov had entered the presidium and moved to Moscow he continued to extol Khayrullin. A pointed reference in the accounts of the Orenburg purge to the "special glory" created for Khayrullin "from the moment of his appearance in the oblast in 1957" makes it clear that Voronov is an intended target of the shake-up.



The fact that the officials who were advanced in replacing Shurygin are Ukrainians may provide some clue as to those behind the attack on Voronov. Aside from Khrushchev, the only leading presidium members with important Ukrainian political associations are Brezhnev, Podgorny, Polyansky, and Kirilenko.

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SOVIET HEAVY BOMBER OVERFLIGHTS OF US AIRCRAFT CARRIERS

-  Location of US aircraft carrier when overflown
-  Heavy bomber tracked by Western land and carrier based radars

NORTH PACIFIC—

NOTE: Not shown are medium bomber overflights or instances when heavies and mediums were within radar range of carrier but did not overfly.

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The Communist World

SOVIET HEAVY BOMBERS OVERFLY US CARRIERS

The first Soviet heavy bomber overflights of US aircraft carriers since last summer occurred during the past week. One carrier in the North Atlantic was overflown on 15 May and another in the North Pacific two days later. While the close time relationship of these flights suggests an increased Soviet effort to collect intelligence on US naval forces and to demonstrate a long-range reconnaissance capability there is no evidence that heavy bombers will fly such missions on a more regular basis.

Four Bear heavy bombers flew against the USS Shangri-la when it was some 250 nautical miles southeast of the Azores, en route from the Mediterranean to Norfolk. The lead element, composed of two bombers, turned back about 155 miles from the carrier, but one aircraft of

the second element overflew the carrier after having been intercepted by carrier-based fighters. US fighters based in Iceland also intercepted the bombers on both the outbound and return flights.

About six Bison jet heavy bombers in the Soviet Far East conducted flights against the USS Midway some 1,100 miles east of Japan en route from the Philippines to the US. Carrier-based fighters intercepted the bombers, two of which actually overflew the Midway.

The last previous overflights by heavy bombers in the North Pacific occurred in August 1963, and in the North Atlantic in February 1963. Since August, however, Badger jet medium bombers have reconnoitered at least three US carriers--one in the North Pacific and two in the Sea of Japan. 25X1

AREA NOTE

The death of Otto Kuusinen, 82-year-old member of the Soviet party presidium and secretariat, is unlikely to have any effect on the division of responsibilities within the party hierarchy. A specialist in

international Communist affairs since the days of the Comintern, Kuusinen in recent years was in semiretirement. His duties were probably taken over by other presidium members about 1962. 25X1

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The Communist World

YUGOSLAV - WEST GERMAN DISPUTE

Although Yugoslav and West German negotiators are scheduled for further unofficial talks during May and June, reconciliation of the various issues in dispute is unlikely. Belgrade's position has not softened, and Bonn does not attach any urgency to a settlement.

The Yugoslavs broke off formal negotiations last July when West Germany refused to meet their indemnification claims for World War II losses or to renegotiate Yugoslavia's debt. Unofficial exchanges since then, most recently at Geneva during April, have made no progress toward reviving the formal talks.

Meanwhile, relations have been further strained by a continuing Yugoslav anti-German press campaign and by the German Government's failure to disavow unofficial but formal charges against Yugoslav Foreign Minister Popovic and Vice President Rankovic for alleged war crimes. A West German periodical's recent attack on Yugoslavia's reparations demands may reduce West German flexibility by stirring popular resentment against Belgrade.

Yugoslavia, for its part, appears to be deliberately provoking the West Germans by responding favorably to East German overtures for closer relations. Edvard Kardelj, president of Yugoslavia's Federal Assembly, visited East Germany

from 13 to 20 May in return for a 1960 visit by an East German delegation to Belgrade. In addition, a high-level East German delegation was in Belgrade from 11 to 16 May for the first meeting of a bilateral Committee for Economic and Scientific-Technical Cooperation. The delegation's offer of credits was in deliberate contrast to West German treatment of Yugoslavia and raises the possibility that Yugoslavia will turn increased attention to trade with East Germany.

In fact, lack of progress in the coming talks with West Germany will probably prompt Yugoslavia to fulfill its threat to develop closer ties with East Germany, possibly by raising its diplomatic relations from the ministerial to the ambassadorial level as well as expanding trade and cultural contacts. Belgrade has also implied it might try to persuade nonaligned countries to recognize the East German Government.

In taking these actions, however, Yugoslavia would risk West German economic counter-measures. Bonn might demand full payment of the Yugoslav debt and use its influence in Western Europe to work against Yugoslav interests. If successful, such actions would weaken Yugoslavia's already shaky international balance-of-payments positions.

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The Communist World

NEW NORTH VIETNAMESE OPTIMISM ON WAR IN SOUTH VIETNAM

Hanoi, usually very cautious in its propaganda on the war in South Vietnam, is allowing a careful note of optimism to creep in. In a departure from the traditional theme that the war will be "long and arduous," official North Vietnamese comment recently has been developing the concept that the war has entered a "new phase" and that Viet Cong fighting ability has taken a "new step forward."

The North Vietnamese press, extolling what it calls major Viet Cong victories in recent weeks, described the Vinh Thuan battle in Chuong Thien Province from 11 to 15 April as the "biggest victory" of the past two months. In this period, according to the party daily, the Viet Cong fighting forces have taken an "offensive position" and now are "annihilating the enemy forces in a mobile and active manner." The northernmost provinces of South Vietnam, Quang Tri and Thua Thien were cited as areas in which the insurgents had made notable political and military gains.

Another sign of confidence is Hanoi's determination to push ahead with the war in South Vietnam while acknowledging the danger that the war might eventually bring attacks on North Vietnam. Both Ho Chi Minh and Defense Minister Giap have recently derided press speculation that the US would launch attacks on the North and asserted that any such attack would meet a "shameful" defeat at the hands of North Vietnam and its friends.

The North Vietnamese, while still expecting a long war, clearly feel that since the fall of Diem and particularly since the first of the year, Viet Cong prospects look better than at any time since South Vietnam began to receive massive US military assistance. They have stated openly that they do not believe Khanh will last long, and they undoubtedly hope to profit from the political confusion and military inaction which would follow another coup.

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Asia-Africa

COMMUNIST DRIVE IN SOUTH VIETNAM INCREASINGLY EFFECTIVE

The Communists in South Vietnam are becoming increasingly effective against government forces. In Phuoc Thanh Province, north of Saigon, two ranger companies suffered severe losses in a Viet Cong ambush on 14 May. Two days later, in a coordinated battalion-size operation west of Saigon, the Viet Cong harassed the capital of Kien Tuong Province and five separate outposts and overran one outpost.

Personnel losses for both sides decreased last week, but government casualties again exceeded those of the Communists, and the Viet Cong continue to capture about three weapons for every one lost.

Pacification efforts still show little progress; stagnation is most pronounced in the delta and the critical provinces near Saigon. According to Vietnamese statistics, only 55 percent of the people reported to be in New Rural Life hamlets now built or under construction are actually under government control. This reflects only in part the application of tighter criteria in measuring such control.

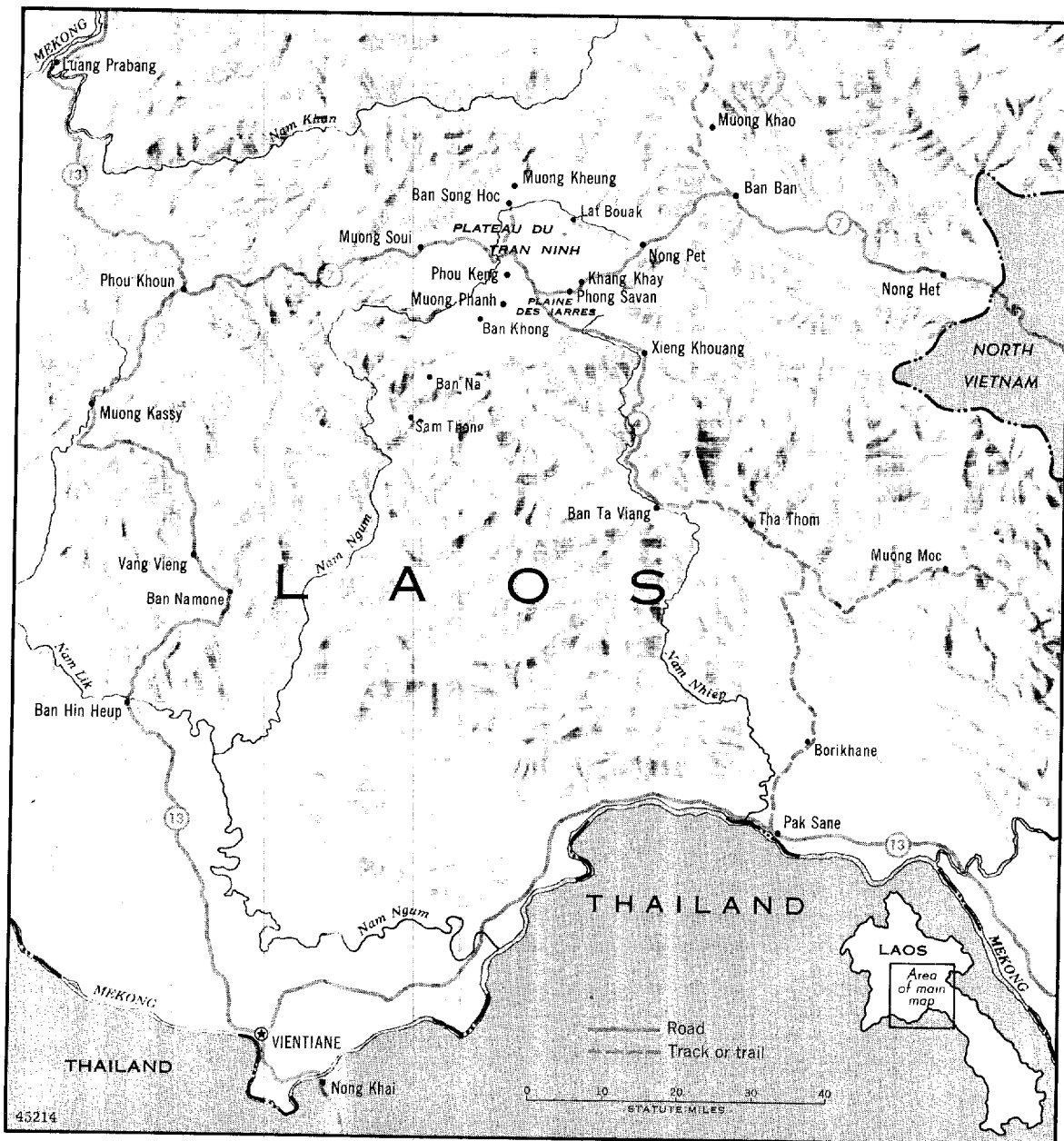
Personnel changes and a general lack of perceptiveness

among provincial leaders continue to hamper the pacification effort. Three new province chiefs, one new division commander, and a new director of psychological warfare operations (the fifth in six months) have been appointed since late April. Many pacification plans drawn up in the provinces appear to be too ambitious in terms of present resources and probably will be extensively revised. Even where current efforts are progressing satisfactorily, some provincial officials are pessimistic about the government's ability to maintain control for very long.

The Khanh government is also plagued by continuing internal political difficulties. The more militant Buddhist elements led by the monk Tri Quang from the northern city of Hue have increased their criticism of the regime in an apparent effort to seize control of the Buddhist movement. General Khanh, who curried favor with his recent removal of remaining legal restrictions on Buddhist property ownership rights, retains the support of the Buddhist movement's controlling moderate factions. However, a formal split in the Buddhist ranks could seriously weaken Khanh's popular support.

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Asia-Africa

COALITION REGIME IN LAOS NEAR TOTAL COLLAPSE

The precarious coalition structure in Laos, seriously undermined by the 19 April coup, appears near collapse following a Communist takeover of the Plaine des Jarres.

An attack launched the morning of 17 May quickly forced neutralist commander Kong Le from his headquarters at Muong Phan and back into the hills west of the Plaine. He plans to establish a new command post at Ban Na, a Meo guerrilla stronghold in the mountains to the southwest. Neutralist forces in the Muong Soui area represent the last major obstacle to a linkup between Pathet Lao forces on the Plaine and other Communist units located in the Phou Khoun region farther west.

Laotian Army officers in Pak Sane report Communist lead elements appear to have been halted about 20 miles north of that town. An International Control Commission (ICC) team on 20 May visited Borikhane, about six miles from the reported enemy positions.

Premier Souvanna, meanwhile, apparently holds little hope that the Communists will agree to any acceptable political solution unless countered by Western military action. On 19 May, he told Western representatives he was "desperate for help," and was disappointed by the lack of concrete Western response to recent Pathet Lao aggression. Souvanna observed that if the West would not undertake "necessary measures" to curb the Communists, he might be forced to "disappear from the scene."

On 19 May, Souvanna asked the UK and the USSR, as Geneva co-chairmen, to take action to stop the offensive mounted by the "Pathet Lao and their North Vietnamese allies." He suggested that the co-chairmen act under Article 4 of the Geneva Accords, which provides for consultations among signatories "...in the event of a violation or threat of violation of the sovereignty, neutrality, unity, or territorial integrity" of Laos. Souvanna apparently hopes that talks of limited scope held in Vientiane might be used to focus world attention on recent Communist aggression.

The French, however, have called for a full-scale conference of the 14 Geneva signatories to review the whole Laos question rather than the more limited measures proposed by Souvanna and supported by the US and the UK. The French have indicated that "mere consultations" would be insufficient in view of the gravity of the situation.

Although the French claim that the conference would be restricted to the Laos question, it is possible that should such a meeting be convened, they might propose broadening its mandate to include all of Indochina. The French proposals are likely to win the endorsement of both the USSR and Communist China. Soviet Deputy Foreign Minister Lapin told the British Ambassador in Moscow on 19 May that the USSR favors a new conference.

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Asia-Africa

There are indications that the Soviet bloc is preparing for a policy shift in Laos. The Polish ICC delegate has been recalled to Warsaw and the Poles have announced they are withdrawing--at least temporarily--from ICC operations in Laos.

The shift in the Soviet attitude has come on the heels of sharp denunciations by Hanoi and Peiping of the "merger" between Souvanna's neutralists and right-wing Laotian forces as "illegal" and "absolutely intolerable." In the face of aggressive Pathet Lao and North Vietnamese tactics since mid-May, Moscow seems to have decided there is no longer any prospect of restoring the Souvanna coalition government and that further efforts toward this end would only antagonize the North Vietnamese and drive them closer to Peiping.

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Asia-Africa

CEYLONese PREMIER SEEKING COALITION WITH MARXISTS

Ceylonese Prime Minister Bandaranaike is attempting to shore up her shaky position by bringing several Marxists into her left-leaning cabinet. She hopes thereby to nullify the effect of threatened right-wing defections from her parliamentary majority and to gain additional influence over the Marxist-dominated labor movement, which has been a chronic source of trouble for her government.

Her main effort has been in the direction of the Trotskyite Lanka Sama Samaja Party (LSSP). She originally planned to offer the Ministry of National Planning to LSSP leader N. M. Perera, a moderate Marxist who favors a nonrevolutionary path to state socialism. Her plans, however, have run into strong opposition from some members of her own party, the Sri Lanka Freedom Party (SLFP), as well as of Perera's.

Many of Perera's colleagues, less tempted than he by the lure of office, fear tarring their party with the sagging reputation of the Bandaranaike regime and have formally

denied him permission to conclude a coalition agreement between the two parties. They have, however, authorized him to continue negotiations on the stipulation that the LSSP's two lesser partners in the United Left Front must also be included in the discussions.

This runs counter to the prime minister's desire, on personal and ideological grounds, to deal only with the LSSP. In addition, although her party has formally endorsed her efforts, there are a number of SLFP members of Parliament who have threatened to bolt if Marxists are brought into the government. Such defections could well prove more numerous than the Marxist supporters gained through a coalition.

Nonetheless, Mrs. Bandaranaike is determined to press ahead. She reportedly feels strongly that such an arrangement, followed ultimately by an electoral alliance, is the only way her party can avoid a defeat by the more conservative United National Party in the general election due within a year.

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AREA NOTE

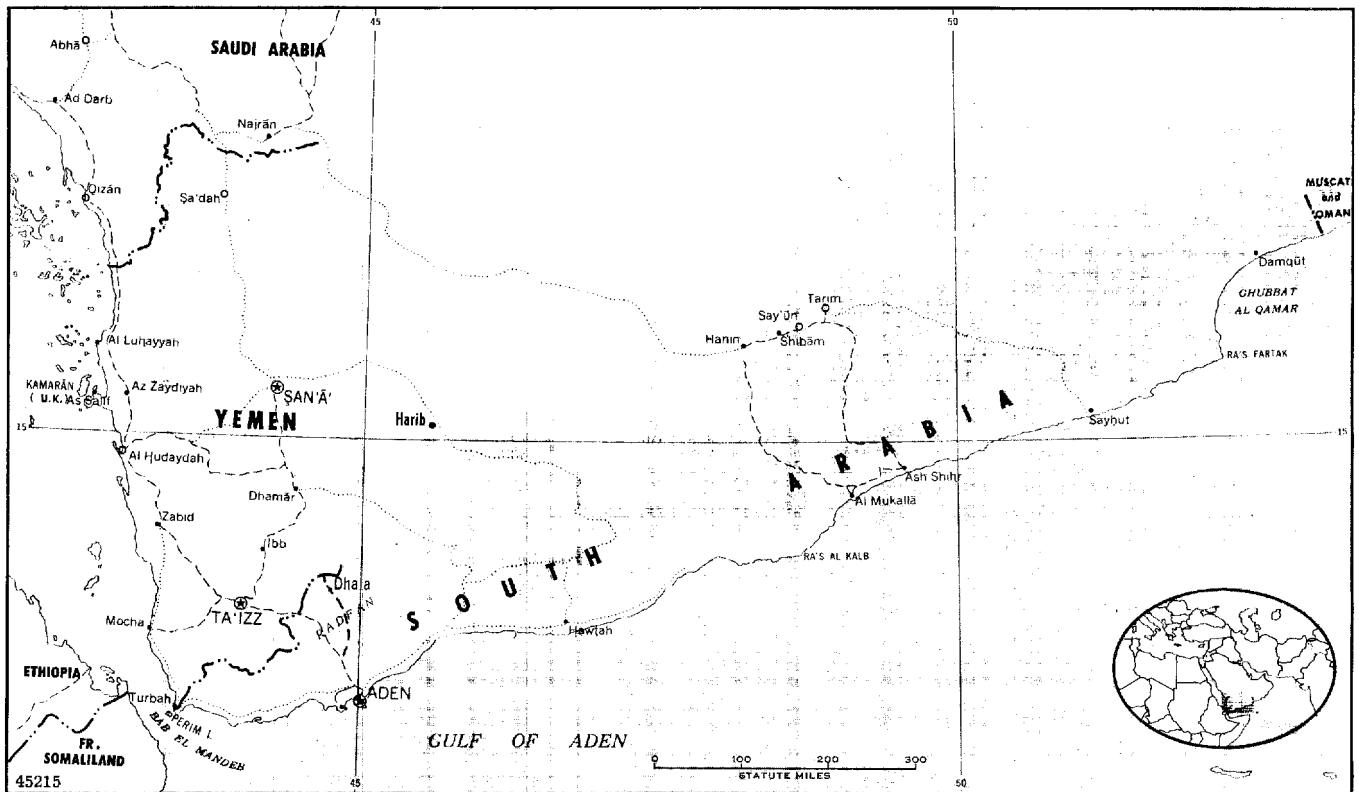
Kashmir: Sheikh Abdullah on 20 May returned from Kashmir to New Delhi for another four days of talks with Nehru toward resolving the Kashmir problem. He will go next to Pakistan for 15 days of discussions with President Ayub and others.

In discussions earlier this month in New Delhi, the popular Kashmiri leader avoided any spe-

cific proposals which might invite flat rejections, preferring instead to encourage others to make the first move. Abdullah has put increasing emphasis on the need for easing Hindu-Muslim tensions, hoping in this way to exploit the large measure of remorseful agreement on this matter in attacking the more contentious issue of Kashmir's status.

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Asia-Africa

BRITAIN'S PROBLEMS IN THE SOUTH ARABIAN FEDERATION

British troops and South Arabian Federation tribal levies have succeeded in reopening the interdicted trade route from Aden to Dhala after a week of fighting, but local British commanders believe that it will be some time before the rebellion in the Radfan area of the federation is crushed. The British authorities are dramatizing the Radfan fighting in an effort to discourage open dissidence from spreading to other areas of the federation.

Considerable numbers of rebel tribesmen have reportedly been gathering in Taizz and other Yemeni towns, evidently in the expectation that they will be armed and otherwise aided by the Egyptians. The British expect that these men will shortly re-infiltrate the federation.

In the UK, the Conservative government faces a deepening dilemma in trying to retain the important military base in Aden and to preserve British political influence in that strategic area. With general elections fast approaching, however, the government is finding itself ever more deeply entangled in what is made out to be a "colonial campaign." Prime Minister Douglas-Home has reaffirmed London's deter-

mination not to abandon UK treaty obligations to Aden and South Arabia. More than 3,000 British troops and British-officered soldiers of the South Arabian Federation Army are now deployed in the border area. These include elements of Britain's strategic reserve that were flown in from Kenya in early May. A further 700-800 men were dispatched to Aden this week.

In hopes of assuaging some of the criticism at home and abroad, Colonial Secretary Duncan Sandys has announced that a conference would be convened in London in early June to discuss ways of moving the South Arabian Federation toward independence. Prior to this conference, however, a meeting will be held in Aden to consider the constitutional relationship between Aden and the federation.

Some ranking British officials are doubtful that the UK can make any far-reaching commitments on the future of Aden and the federation before the general election. They think that about the best London can hope for is to demonstrate its good intentions about ultimately granting independence to South Arabia.

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Asia-Africa

PROSPECT OF NEW POLITICAL-RELIGIOUS TENSIONS IN LEBANON

Lebanon's President Shihab has served notice that he will not stand for re-election this year. His decision, if he adheres to it, will result in an open race for the presidency which could once again embroil the country in a political-religious struggle like that which brought on the civil war six years ago.

By an unwritten agreement designed to prevent religious strife, Lebanese presidents are Maronite Christians, the prime ministers are Sunni Muslims, and smaller religious groups hold other top state offices. Prime Minister Uwayni and about 50 members of parliament had urged Shihab to accept a second term, as they have no other readily acceptable candidate. The new parliament which must elect the next president before 23 August, would have to amend Lebanon's constitution to permit

Shihab to succeed himself or to extend his present term.

Egypt's interest in the situation further complicates the picture. Nasir is satisfied with Shihab and worried that anti-Nasir elements may win the presidency.

Egypt's interference has already begun to sharpen Christian-Muslim antagonism. Former President Chamoun, Maronite Patriarch Maushi, and several other prominent Christians oppose Shihab's re-election. They claim the government exerted influence to defeat Chamoun and other prominent anti-Shihab Christians in the recent parliamentary elections.

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GREEK CYPRIOTS SEEK TO STRENGTHEN MILITARY FORCES

25X1

The Greek Cypriots have announced plans to strengthen their military forces substantially. Officials have confirmed that a bill authorizing conscription will soon be introduced in the House of Representatives.

The Cypriot Government has told the press that it is attempting to purchase bombers, fighter aircraft, torpedo boats, antiaircraft guns, and other heavy equipment from "various countries." Greek Cypriots have been asserting since January that the USSR or other bloc countries would be willing to supply such equipment.

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Asia-Africa

The island has been relatively calm during the past week and outwardly the situation in Famagusta, scene of shooting of two Greek Army officers and a Greek Cypriot on 11 May, has returned to normal. The abduction of over 30 Turkish Cypriots following this incident, however, has maintained tension at a high level.

UN political adviser Galo Plaza, at a 19 May press conference, revealed that the Cypriot Government holds only 17 of some 91 Turkish Cypriots

who reportedly have disappeared since 27 March, when the UN force in Cyprus became operational. By calling on President Makarios to "bring to justice any people responsible for these lives," he strongly implied that some of the missing may be dead. 25X1

Makarios has publicly condemned the taking of hostages, but he appears to lack control over extremist Greek Cypriot irregulars. 25X1

SINO-SOVIET COMPETITION BENEFITS EAST AFRICANS SEEKING AID

Sino-Soviet competition is providing East African countries with better opportunities to obtain aid commitments from Moscow and Peiping. Both Communist regimes have extended new aid in the area recently and seem likely to make additional offers although on an equally modest scale.

Following recent visits by Kenyan Minister of Home Affairs Oginga Odinga, both Moscow and Peiping announced economic and technical cooperation agreements with Kenya. The USSR consented to provide economic credits, the amount to be determined after specific projects are decided upon. Moscow provisionally agreed to help build a radio station and several small factories for processing Kenya's

agricultural products. It will also build and staff a hospital and a technical school as a gift to the Kenyans.

The Chinese agreed to provide Kenya with a 10-year interest-free credit amounting to about \$15 million, as well as \$3 million in cash as a gift.

Other East African countries may soon follow Kenya's example. An official delegation from Burundi is currently in Peiping seeking economic assistance. It has indicated a desire to go on to Moscow for aid talks.

Moscow's attitude toward the union of Tanganyika and Zanzibar continues to be a cautious one. In an opening gesture

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Asia-Africa

to Zanzibar, the USSR made a small but quickly delivered military shipment and a cash purchase of cloves that overshadowed more diverse but less showy Chinese Communist efforts. To expand its influence with the new regime, Moscow probably will eventually provide a more flexible and useful aid program

than that offered by Peiping, even if the union fails (see next article). The USSR's aid offers may be formulated around marine and geological surveys it completed in Tanganyika earlier this year.

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ZANZIBAR CONTINUES ITS SEPARATE WAY

The United Republic of Tanganyika and Zanzibar may never become a working reality. While President Nyerere has been on safari and Foreign Minister Kambona has been hunting aid in Europe, Zanzibar's pro-Communists have worked assiduously to consolidate their hold on the island and to promote maximum autonomy.

The regime on Zanzibar continues to function as it did before union was announced. The name "People's Republic of Zanzibar" is still used in the press, on the radio, and, at times, in official documents. Visiting Tanganyikan officials have been refused information on Zanzibari ministries and thwarted at every turn. The absence of top leaders from Dar-es-Salaam at a time when Tanganyika's own ministries are in the throes of reorganization has precluded effective action to establish the union administration.

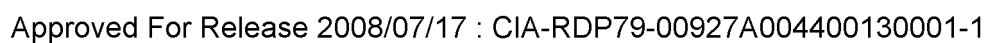
The tenacious Babu, Zanzibar's leading pro-Communist, continues to function as its

foreign minister. He appears to have convinced Abeid Karume, still president of Zanzibar as well as vice president of the United Republic, that Zanzibar can continue separate trade and aid relations with foreign countries.

Communist aid projects have been widely advertised on the island to persuade Zanzibaris that they have more to gain by standing alone. Zanzibar officials are confident that their three-year plan--being prepared by East German experts--will have greater impact than Nyerere's recently announced development plan for Tanganyika.

High-level East German visitors continue to pressure Karume and are making it increasingly difficult for Nyerere to alter Zanzibar's relationship with the East German regime. An economic development agreement signed by Karume on 17 May--more than three weeks after the Tanganyika-Zanzibar union was formed--provides for an East German credit of unannounced proportions and for continuation

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Asia-Africa

of previously announced aid, said to total about \$14 million, for health, education, and public housing.

Communist China delivered 25 tractors and 670 tons of food and consumer goods to Zanzibar last week.

Communist training of the Zanzibari Army continues, with

the apparent aim of displacing Tanganyikan police on the island with Zanzibari troops as soon as possible.

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AREA NOTE

Congo: Rebel activity has recently increased in two widely separated provinces of the Congo. In Kwilu, followers of leftist Pierre Mulele have renewed attacks on the army-held towns of Idiofa and Gungu. In Kivu Central, 700 miles to the east, other rebels have scored their greatest success to date by ousting army troops from the lake port of Uvira and from an area extending 40 miles northward along the Burundi border.

The Kivu rebels, who may be aiming at Bukavu, the provincial capital, reportedly are organized into some eight groups of 400-700 men, each with a civilian as well as a military leader. The debacle apparently

resulted from the lack of a strong military commander on the scene. Premier Adoula has ordered army commander General Mobutu back from Europe to reassert control.

Meanwhile, government plans are under way to hold a national referendum on the draft constitution before 30 June. Adoula has apparently abandoned any thought of changing the draft, except possibly to give the vote to women. Plans are being made to hold a congress in early June of the embryonic progovernment party, the Congolese Democratic Rally, to get it in shape for parliamentary elections likely to be held early next year.

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Europe

NEW MOVES TO SPEED EEC TARIFF CUTS

The EEC Commission next week will consider a new proposal to speed up the process of removing duties on industrial goods traded within the EEC and arriving at a common external tariff (CXT). The new objective would be to complete both processes by 1 January 1966, at which time the CXT would be cut a flat 20 percent. This acceleration of tariff adjustments--the third such advance in the EEC treaty timetable--would, in effect, establish the EEC as a full customs union four to six years ahead of schedule and tend to consolidate other aspects of the community's development.

Present tariffs within the EEC are only 40 percent of those prevailing in 1958. Under the new plan the remainder would be eliminated in two steps. To guard against exaggerating existing economic imbalances in the Community, the EEC staff believes these tariff cuts will have to be accompanied by other measures--such as further development of common monetary and commercial policies--which it may not be possible to arrange soon enough. On previous occasions, however, the determination to push ahead with tariff adjustments has tended to spur progress on related fronts.

The still unsettled grain-price issue and Italy's economic difficulties are also obstacles to an acceleration program. Agreement to establish common price levels for grains--thus opening the protected German

market to other member states--would seem to be a prerequisite for French and Dutch acceptance of a more rapid reduction of tariff barriers on industrial goods. The Italian reserve toward acceleration is based on fear that a heavy increase in imports might worsen its trade and payments deficit. However, an offer of an EEC financial aid "package"--now under consideration--may lessen the Italian concern.

A new German proposal to reduce the CXT immediately by 25 percent will further complicate the Community options. The proposal was made in connection with other anti-inflationary measures Bonn announced last week, including a unilateral cut in tariffs on items imported from other EEC states. An immediate reduction in the CXT would be in keeping with the current Community-wide economic stabilization campaign, but it requires unanimous approval by the EEC Council of Ministers and thus faces the same obstacles as the Commission's acceleration proposal.

The French attitude is probably the key one. Although Paris will likely be reluctant to make tariff concessions in advance of the Kennedy Round, it might see this as a small price to pay in exchange for a German decision on grain prices. Moreover, the French might anticipate that a moderate cut in the CXT now could forestall a greater one later in the Kennedy Round.

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Europe

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AUSTRIAN - NORTH KOREAN TRADE AND CREDIT NEGOTIATIONS

Austria appears receptive to North Korean offers to buy capital goods hitherto obtained from Communist countries. A North Korean trade mission now in Vienna hopes to obtain \$30 million worth of such commodities. Past trade between the two countries has been negligible, amounting to less than \$2,000 last year.

Pyongyang's approach would appeal particularly to Austria's Socialists, who are in the governing coalition and have for some time advocated expanding trade with the Communist world. They are partly motivated by the fact that Socialists manage the largely state-owned steel and chemical industries, which are heavily dependent on exports. The pending deal would benefit several plants already having trouble staying in business.

The largest single item on the North Korean shopping list is two or three steel rolling mills.

Foreign Minister Kreisky has minimized the possibility of government credits to cover sales to North Korea, but did not rule them out. He would undoubtedly be quick to acknowledge the political advantages of developing new markets.

North Korea evidently wants the Austrian goods because Soviet aid to its heavy industry during the 1961-65 plan period has apparently fallen far below that agreed on, forcing a temporary slowdown in this area of development. Trade with the USSR--and the European satellites--continues, but the flow of goods into Korea appears to have been cut by Moscow's arbitrary elimination of certain items, by stiffened payment terms, and by Soviet procrastination.

North Korea's ability to finance purchases in the West is limited. The output of ores, the country's best potential earner of foreign exchange, has not increased as much as planned.

FRENCH COMMUNISTS BACK MOSCOW AND ELECT NEW LEADER

The highlights of last week's congress of the French Communist Party (PCF) were the party's unqualified endorsement of Moscow's position in the Sino-Soviet dispute and the se-

lection of a new PCF secretary general, Waldeck Rochet. Rochet denounced the Chinese Communists for their "erroneous theses" and urged that "the moment has come when there should be a

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Europe

collective and public affirmation of all Marxist-Leninist parties against the deformations and schismatic activity of leaders of the Chinese Communist Party." This theme was picked up and embellished by the USSR's Mikhail Suslow, who led the Soviet party's delegation.

Rochet, 59, takes over from the ailing Maurice Thorez, now 64. A Moscow-trained agricultural specialist, Rochet will probably be well received by the party's more youthful elements who consider Thorez too closely identified with Stalinism. The congress also replaced about a third of the active PCF central committee with younger members--average age 34--to inject young blood into the lead-

ership. Thorez, who will now become party president--a post created especially for him--will continue to represent the PCF at important international conclaves.

Rochet, in his speech, also deplored "Gaullist attacks" on the Soviet Union and France's expensive nuclear development program. He attacked the Common Market, charging that it had principally benefited capitalistic monopolies and West Germany. As to national political matters, he took pains to point out that the PCF will not support Socialist Party presidential candidate Gaston Defferre without a clear agreement on a common program.

AREA NOTE

NATO's Semiannual Foreign Ministers' Meeting last week faced up to major issues more forthrightly than it has for several years. Belgium's Spaak, for instance, challenged the French either to bring their complaints against NATO into the open or to stop undermining its structure. Consequently, NATO's reorganization is likely to be a prime topic at future NATO meetings.

The ministers' usual review of the international situation focused on South Vietnam, on Cuba, and on the threat of war between Greece and Turkey over Cyprus. The primary role of the

UN in Cyprus was acknowledged, but Secretary General Stikker is expected to utilize his "good offices" in an effort to ameliorate the conflict. He will be handicapped, however, by Greek suspicion that he is pro-Turkish.

As expected, Italy's Manlio Brosio was selected to succeed Stikker on 1 August. Despite his broad diplomatic experience, some NATO members consider Brosio a "fonctionnaire," and it remains to be seen how he will perform in a post subject to so many conflicting pressures.

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Western Hemisphere

THE CUBAN MILITARY ALERT

The Cuban military alert, initiated early last week, has been intensified. All branches of the armed forces are involved. The alert measures have probably forced a cutback in the important military participation in the government's drive to finish the vital sugar harvest.

A recent increase in scattered insurgent activity in central Cuba may have also had something to do with the alert. This insurgency, however, remains on a small scale and represents no immediate threat to Castro.

The regime evidently decreed the alert largely in response to the activities of militant Cuban exile groups. Cuban exile leader Manuel Ray has been publicly promising for some months to be "fighting in Cuba by 20 May," Cuba's independence day.

Actually, Ray's intention is believed to be to lead a

small infiltration into Cuba to make contact with potential dissidents in the Cuban military and elsewhere and ultimately build up an effective resistance force. He has cautioned that no one should expect immediate or dramatic results from his current operations. Ray is one of the few prominent exile leaders who has consistently maintained that Cuba's liberation is primarily the responsibility of the Cuban people themselves.

On 13 May, two days after the initial alert measures were imposed, another militant exile group raided the small Cuban port of Pilon. While the raiders extensively damaged a sugar mill and warehouse there, the organization responsible for the action has made exaggerated claims. This group, led by Manuel Artime, has also declared that additional action is planned for the immediate future. Such statements are believed to be largely part of Artime's "war of nerves" against the Castro regime. 25X1

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Western Hemisphere

PANAMANIAN ELECTION RESULTS STILL NOT OFFICIALLY ANNOUNCED

Marco Robles' election as president of Panama may not be announced until early June, given the present slow progress of vote counting. The foot-dragging is probably designed to prolong the relative calm maintained since the 10 May election by the government and the national guard.

Arnulfo Arias' Panamenista Party (PP) filed suit against the Chiari government on 20 May to annul election results in one province and challenge procedures in a second. Both are in remote areas where Robles' forces claim overwhelming victories. Arias has previously questioned the plausibility of voting figures showing a 96-percent voter turnout in one

of these provinces where the population is scattered and where there are few roads. A PP manifesto on 15 May accused several cabinet ministers, certain administration officials, and the national guard of coercing voters, sometimes with arms.

Appeals by Arias to the Panamanian people not to accept the "oligarchy's perpetuation of power through electoral farce" have not aroused any noticeable response. However, his nephew, Roberto "Tito" Arias, may renew efforts to precipitate violence if the government proceeds with reported plans to challenge his election as a National Assembly deputy.

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CONSTITUENT ASSEMBLY ELECTIONS IN GUATEMALA

Guatemalans will elect an 80-member constituent assembly on 24 May, the first major step in Chief of State Peralta's plan "to guide" the country back to constitutional government. There is widespread cynicism over the plan and some resentment that only two parties with identical government-approved slates will participate in the closely regulated election. Some of Colo-

nel Peralta's immediate subordinates believe that his timetable is premature and invites political instability.

There are, in fact, some indications that dissatisfied far right and far left politicians are once again plotting to overthrow the government. The US Embassy comments, however, that no effort to line up military support is likely to succeed

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Western Hemisphere

because there now is no significant dissatisfaction among principal military leaders. The one possible exception is the resentment among air force officers against their chief--whom Peralta may soon replace.

Trouble nevertheless may still develop from this election. At least two of the parties barred from the regime's state will instruct their mem-

bers to boycott it or void their ballots. This, together with public apathy, may result in a light vote. Such a development might then encourage the government's opponents to continue their plotting since they could charge that the elected assembly was not representative, and that any constitution it produced was invalid.

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ELECTION CAMPAIGN TURBULENCE IN BOLIVIA NOW ABATING

The political turbulence of the period leading up to Bolivia's elections has diminished appreciably in the past few days. President Paz has consistently outmaneuvered his opposition, and his re-election on 31 May now seems assured. He is confident the elections will come off smoothly but does not discount the possibility of random violence during the election period.

Leftist Vice President Juan Lechin, Paz' chief rival for the presidency, has failed so far to arouse either support for himself or animosity against the government. His efforts, supported by other politicians, to organize nationwide antigovernment demonstrations on 18 May failed dismally.

Former President Hernan Siles Zuazo also seems to have lost whatever hopes he may have

had of persuading Paz to withdraw from the race in the interest of "reunifying" the government party. Siles now is said to be seeking some sort of face-saving accommodation, but Paz apparently is in no mood to be charitable.

Paz also appears to have succeeded in keeping his ambitious vice-presidential running mate, General Rene Barrientos, in line for the time being. Barrientos seems to be convinced that his political aspirations can best be served by supporting the party ticket. He recently told the US air attaché

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Paz and Barrientos still dislike and distrust each other, however, and this could spell trouble in the days ahead.

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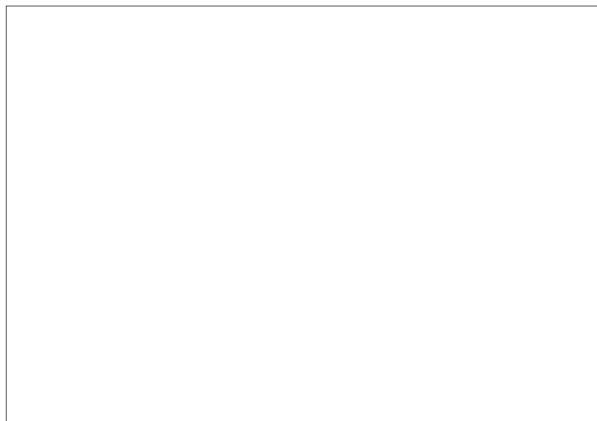
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Western Hemisphere

POLITICAL PROBLEMS CONFRONTING NEW BRAZILIAN PRESIDENT

Brazilian President Castello Branco's most recent statements indicate that he intends to complete the "clean-up" of subversives and corrupt officials, but that he is also aware of the potential political pitfalls of this line of action.

In a 15 May press conference, Castello Branco urged all responsible political groups, including the "nonsubversive left," to get behind his five-week-old government. He rejected the "conception and norms of the extreme right." He also attempted to allay rumors of a split among the revolutionary leaders by stating that none of the armed forces ministers wants to reinstitute the military revolutionary command which ruled for a short period after Joao Goulart's overthrow.



Castello Branco recently admitted to the US army attaché that he is under heavy pressure from "certain persons" to reconsider his plans to relinquish the presidency when his term expires in January 1966. He

has insisted, however, that he will step down at that time.

Meanwhile friction has developed between the administration and the governor of Goias State, Mauro Borges, who apparently balked at an ultimatum from Costa e Silva to drop several state cabinet members or face possible removal from office. The large Social Democratic Party (PSD) threatened to withdraw its support of the administration if Borges, a PSD member, were ousted. Castello Branco and PSD leaders are attempting to persuade Borges to cooperate but the outcome remains uncertain. Similar problems threatened to develop in Rio Grande do Sul and Parana states, whose governors were under fire for allegedly dragging their feet in purging extremists and corrupt officials. The issue may yet arise in Pernambuco.

[redacted] the anti-subversive drive is keeping the party in disarray, with many members in hiding, exile, or asylum. Giocondo Dias, its number-two man, stated recently that conditions are difficult for the PCB in all but two states. Party leaders now are considering an approach to ex-President Juscelino Kubitschek. They probably would offer to support him in the 1965 presidential race in return for a promise of certain concessions if he is elected.

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Western Hemisphere

EFFORT TO FORM COALITION REGIME IN BRITISH GUIANA FAILS

Trinidad Prime Minister Williams' attempt to arrange a coalition government in British Guiana has failed, mainly because the opposition parties want to proceed with the proportional representation elections which London has planned for later this year. Premier Jagan's People's Progressive Party (PPP), which encouraged Williams' abortive effort, now must rely on some other tactic to delay the elections it fears it will lose. Voter registration, which began on 8 May, has proceeded so far without incident, but the PPP is undecided whether to contest the election or to try to block it by more intense violence.

There is additional evidence that the current violence now concentrated in the rural region west of Georgetown, but spreading

to the east--is promoted, organized, and directed by the PPP with Jagan's tacit approval. The so-called Guyana Liberation Army, a terrorist group directed by PPP extremists, is credited with the numerous instances of arson and intimidation on the sugar estates. Opposition retaliation would precipitate a crisis requiring more active British intervention. 25X1

Although some 56 percent of the sugar workers now are back on the job, the gradually dying jurisdictional strike in the sugar industry--which Jagan initiated--could flare up again. Jagan now has taken it upon himself to appoint a pro-PPP commission to determine which union the sugar industry should deal with.

AREA NOTE

Paraguay: The Stroessner regime in Paraguay is still slow to permit new legal opposition. Three times since September, it has blocked efforts by the small Febrerista Revolutionary Party (PRF) to register as an opposition group. The party now is thinking of taking the case into court.

Stroessner's reluctance to permit the PRF to register probably stems from disapproval of its exiled faction led by General Rafael Franco, the PRF president. In 1959, Franco signed a pact with another exile group pledging a joint effort to oust Stroessner by force. This pact has left the

moderate PRF faction inside Paraguay in a quandary. To participate in future municipal elections, as it hopes to do, the group would have to disavow the pact as Stroessner demands. To do so, however, would be to repudiate Franco, the party's main symbol. 25X1

The government may intend eventually to recognize the PRF in order to dramatize claims of political liberalization in Paraguay. However, Stroessner would certainly continue to insist that the local party first purge itself of any commitment to overthrow his government.

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